

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 600 – HB 651

March 18, 2015

**SUMMARY OF ORIGINAL BILL:** Authorizes parents of students enrolled in a public school that has been designated as being in the bottom 10 percent as determined by the performance standards and other criteria set by the State Board of Education to petition the local board of education for conversion of the school to a public charter school or the restructuring of the school under the transformation or turnaround models. Parents who sign a petition shall also sign a pledge to participate in their child's education and work with the local board of education and school during and after the school's restructuring. Sets forth the minimum required changes for schools that are restructured under the transformation and turnaround models including the dismissal of the current school principal. Petitions shall be signed by at least 51 percent of the parents enrolled at the school. Each household shall receive one vote for each enrolled student. Once a petition and pledge is received, the local board of education shall have 60 days to verify petition and pledge signatures.

Requires the local education agency to proceed with the restructuring of the school if the petition and pledge signatures are verified to be accurate. Sets forth the timeframe in which restructured schools shall begin operation. If, after the verification process, a petition and pledge does not have the required number of signatures, parents shall have 30 days to gather additional signatures. At the end of the 30 days, if there are not enough signatures, the school shall not be restructured.

Authorizes the former principal and teachers who are not retained after the school is restructured to be transferred within the school system in accordance with the Tenn. Code Ann. § 49-5-510. Requires local education agencies (LEAs) to form a community support council for the school consisting of parents, community leaders, teachers or staff, and students if the restructured school is a high school. Sets forth the duties and membership ratios of the community support council.

Authorizes the transition of a regular public school to a public charter school if 60 percent of the teachers employed at the regular public school make such petition and the LEA agrees to the conversion. Authorizes parents of students in a regular public school that is not in the bottom 10 percent according to performance measures to petition for the conversion of their school to a public charter school; such charter schools shall be required to form a community support council. Requires the Comptroller's Office of Research and Education Accountability (OREA) to study the effects of the community support council on the success of the restructuring process after five schools have been restructured. OREA shall make a report to the Education Committees of the General Assembly within two years of the fifth restructured school becoming operational.

## FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact - To the extent that parents successfully petition for the restructuring of a school, there will be a mandatory increase in local expenditures estimated to exceed \$100,000\*. Successful petitions to a public charter school model will also require a transfer of state and local funding from the LEA to the public charter school. The amount of any such transfer cannot be quantified and is dependent upon multiple unknown factors.

**SUMMARY OF AMENDMENT (004545):** Authorizes parents of students enrolled in a public school that has been designated as being in the bottom 10 percent as determined by the performance standards and other criteria set by the State Board of Education to petition the local board of education for conversion of the school to a public charter school or the restructuring of the school under the transformation or turnaround models. Parents who sign a petition shall also sign a pledge to participate in their child's education and work with the local board of education and school during and after the school's restructuring. Sets forth the minimum required changes for schools that are restructured under the transformation and turnaround models including the dismissal of the current school principal. Petitions shall be signed by at least 51 percent of the parents enrolled at the school. Each household shall receive one vote for each enrolled student. Once a petition and pledge is received, the local board of education shall have 60 days to verify petition and pledge signatures.

Requires the local education agency to proceed with the restructuring of the school if the petition and pledge signatures are verified to be accurate. Sets forth the timeframe in which restructured schools shall begin operation. If, after the verification process, a petition and pledge does not have the required number of signatures, parents shall have 30 days to gather additional signatures. At the end of the 30 days, if there are not enough signatures, the school shall not be restructured. If a local board of education determines that the option that the parents have chosen is not feasible, the local board of education shall propose an alternative option. After an alternative option is chosen by the local board, the board may either propose its option to the parents or appeal to the State Board of Education for a determination of whether the original option requested by the parents is feasible. If a local board of education proposes its alternative option to the parents, then the board must obtain the signatures of 51 percent of the parents in order to move forward with the alternative plan. If the board does not obtain 51 percent of the signatures of the parents then the local board of education shall restructure the school according to the original petition or appeal to the SBE for a determination of whether the option originally requested by the parents is feasible. Once an appeal is made, the SBE shall determine whether the option requested in the parents' petition is feasible. If the original option is determined to be feasible by the SBE, the local board of education shall implement the original option. If the SBE finds that the option requested in the original petition is not feasible, then the local board of education shall implement its alternative option.

Authorizes the former principal and teachers who are not retained after the school is restructured to be transferred within the school system in accordance with the Tenn. Code Ann.

§ 49-5-510. Requires local education agencies (LEAs) to form a community support council for the school consisting of parents, community leaders, teachers or staff, and students if the restructured school is a high school. Sets forth the duties and membership ratios of the community support council.

Authorizes the transition of a regular public school to a public charter school if 60 percent of the teachers employed at the regular public school make such petition and the LEA agrees to the conversion. Authorizes parents of students in a regular public school that is not in the bottom 10 percent according to performance measures to petition for the conversion of their school to a public charter school; such charter schools shall be required to form a community support council. Requires the Comptroller's Office of Research and Education Accountability (OREA) to study the effects of the community support council on the success of the restructuring process after five schools have been restructured. OREA shall make a report to the Education Committees of the General Assembly within two years of the fifth restructured school becoming operational.

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

### **Increase State Expenditures - \$400/Each SBE Appeal**

**Other Fiscal Impact - To the extent that parents successfully petition for the restructuring of a school or if the local board of education is forced to implement a restructuring option as a result of an adverse appeal decision, there will be a mandatory increase in local expenditures estimated to exceed \$100,000\*. Successful petitions to a public charter school model will also require a transfer of state and local funding from the LEA to the public charter school. The amount of any such transfer cannot be quantified and is dependent upon multiple unknown factors.**

Assumptions for the bill as amended:

- SBE staff will travel the local education agency and conduct a feasibility hearing before making recommendations to the full State Board of Education. Each trip is estimated increase state expenditures \$440 per trip which includes mileage \$200 and one night lodging for two staff members of \$240 (\$120 lodging rate x 2 staff).
- No change in the Basic Education Program (BEP) funding formula.
- LEAs will be required to implement the restructuring model preferred by the parents upon verification of a successful petition or upon an unsuccessful feasibility appeal by the local board of education.
- The fiscal impact on local government expenditures will be dependent upon the type of the conversion and its implementation. The fiscal impact will vary from LEA to LEA and from school to school.
- Based on information received from the Comptroller, mandatory local expenditures will include additional or new staff for the restructured school, hiring of new staff at other schools in the LEA to which students may transfer, additional professional development,

expansion of the school day, implementation of a revised or new instructional program, and technical assistance from the LEA or education management organization. Given the extent of unknown factors, a precise impact cannot be determined. However, the mandatory increase in local expenditures is reasonably estimated to exceed \$100,000.

- The number and type of petitions for conversions that will be successful is unknown.
- The community support council will not receive compensation from state or local funding sources.
- Any increase in state expenditures to perform the study is estimated to be not significant.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "Jeffrey L. Spalding". The signature is fluid and cursive, with the first and last names being more prominent.

Jeffrey L. Spalding, Executive Director

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